

1
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FILED

MAR 10 1995

HOWARD HANSON
MARIN COUNTY CLERK
BY: E. Keswick, Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF MARIN

8 CHURCH OF SCIENTOLOGY INTERNATIONAL,)
9 a California not-for-profit)
10 religious corporation,)

11 Plaintiff,)

12 vs.)

13 GERALD ARMSTRONG; MICHAEL WALTON;)
14 THE GERALD ARMSTRONG CORPORATION)
15 a California for-profit)
16 corporation; DOES 1 through 100,)
17 inclusive,)

18 Defendants.)

No. 157 680

EX PARTE
APPLICATION TO
CONTINUE HEARING
ON MOTION FOR
SUMMARY ADJUDICATION
OF TWENTIETH CAUSE
OF ACTION OF
COMPLAINT

Date: 3/10/95
Time: 9:00 a.m.
Dept: One
Trial Date: 5/18/95

19 TO: CHURCH OF SCIENTOLOGY INTERNATIONAL AND ITS ATTORNEYS

20 OF RECORD:

21 PLEASE TAKE NOTICE that on March 10, 1995 at 9:00 a.m.,
22 in Department 1 of the above-entitled Court, located at the
23 Hall of Justice at the Marin County Civic Center, San
24 Rafael, California, defendant Gerald Armstrong, in pro per,
25 will seek an ex parte order continuing the hearing on
26 plaintiff's motion for summary adjudication of the twentieth
27 cause of action of its complaint presently set for March 31,
28 1995.

This ex parte application is based upon the grounds

1
2 that Scientology's motion for summary adjudication seeks an
3 order which is so overreaching it will cripple defendant and
4 destroy his litigant's and human rights; that the motion
5 concerns more than twenty people or entities from whom
6 defendant must obtain declarations in support of his
7 opposition; that the motion and supporting papers are over
8 six inches of documents and concern matters over a twenty-
9 five year period of defendant's life; that defendant is not
10 an attorney and not represented by an attorney; that
11 defendant has no monetary resources nor the office equipment
12 to generate legal papers; and, that plaintiff Scientology
13 organization has threatened and intimidated his friends who
14 would otherwise assist him with funding and equipment into
15 refusal to help.

16 This ex parte application is based upon this notice,
17 the attached declaration of Gerald Armstrong, the court's
18 files and records in this case and such other material as is
19 presented in support of this application.

20 DATED: March 10, 1995

21
22
23 By:

A handwritten signature in black ink, appearing to be 'Gerald Armstrong', written over a horizontal line. The signature is somewhat stylized and cursive.

Gerald Armstrong

1
2 **DECLARATION OF GERALD ARMSTRONG**

3 I, Gerald Armstrong, declare:

4 1. I am the defendant in this case. I am not an
5 attorney, not trained as an attorney, and do not have an
6 attorney's knowledge or skills. Until February 23, 1995 I
7 was represented by attorney Ford Greene.

8 2. On February 27, 1995 I received from plaintiff
9 Scientology organization its motion for summary adjudication
10 of its twentieth cause of action of its complaint. A copy
11 of its memorandum of points and authorities is appended
12 hereto as Exhibit A. A copy of the order Scientology seeks
13 with its motion is appended hereto as Exhibit B.
14 Scientology seeks a permanent injunction with is
15 overreaching and if granted would hopelessly cripple me as a
16 litigant, and destroy my civil and human rights.

17 3. Scientology's motion for summary adjudication and
18 supporting documents is over six inches thick. The motion
19 involves over twenty people or other entities who must be
20 contacted to obtain declarations to support whatever
21 opposition I will file.

22 4. From the time I have been in pro per I have
23 attempted to obtain competent counsel to represent me in
24 this litigation. I have communicated substantively with
25 five attorneys, each of whom has declined to represent me.
26 I have other possibilities for assistance with my case which
27 I am following up at this time. I firmly believe that in
28

1
2 the United States there are lawyers with the requisite
3 courage and interest to successfully defend this case.

4 5. I have been since August, 1990 a renunciant,
5 seeking only what is necessary to continue to do God's Will,
6 which, in large part, has been the defense of this action.
7 The fact of my renunciation is well known to this Court and
8 I will not repeat that history at this time. I refer this
9 Court to my declaration/literary work entitled "I Declare"
10 filed herein. I have, therefore, no monetary resources to
11 pay an attorney. I am preparing a campaign to ask for funds
12 from people and organization's around the world who have an
13 interest in the outcome of this case. Scientology is widely
14 viewed as a antisocial, dangerous, anti-religious cult which
15 is a threat to justice, true religion and freedom of
16 thought, and by telling my story and the issues involved I
17 believe I can raise funds from that wide field necessary to
18 retain legal counsel.

19 6. I presently do not have a computer or printer. I
20 am borrowing the use of the computer on which I am typing
21 this ex parte application and declaration from Ford Greene,
22 for whom I work. I cannot, however, use the computer or
23 office equipment after hours, and my office work for Mr.
24 Greene on his other cases is full time. I cannot produce,
25 even if I cannot obtain a lawyer, the legal papers necessary
26 to defend myself without a computer and printer.

27 7. Approximately three weeks ago I approached my
28

1 friend Michael Douglas of San Rafael to request a loan of
2 \$5,000.00 to be able to pay some bills and survive, and to
3 request some help to obtain and set up a computer system to
4 be able to do my own work. I have been good friends with
5 Mr. Douglas since 1975. He and his wife are two of the
6 people whose debts to me I forgave in August, 1990 at the
7 time of my renunciation. They are two of the Does in the
8 "fraudulent conveyance" part of this case. According to Mr.
9 Douglas's testimony in deposition the amount of the
10 forgiveness was approximately \$80,000.00. Appended hereto
11 as Exhibit C is an excerpt from Mr. Douglas's deposition
12 taken August 30, 1994. I had helped Mr. and Mrs. Douglas in
13 various ways through the years, and assisted them in other
14 matters which made them money. After I requested the loan
15 from Mr. Douglas, who, I also knew to have recently come
16 into a large inheritance, he advised me that because he was
17 afraid of repercussions from Scientology should he assist me
18 with a loan he was contacting the organization. He then
19 reported to me that Scientology, through one of its
20 Directors, Michael Rinder, had told him that he could not
21 loan me any money, and that if he did Scientology would make
22 trouble for him.

23
24 8. A few days later I was called by Mrs. Douglas and
25 requested to come to their house at a certain time. When I
26 arrived there I was met by Mr. and Mrs. Douglas and Mr. and
27 Mrs. Michael Walton, defendants in the "fraudulent

1 conveyance" action. Each one of these people expressed that
2 he or she had been terrified by the Scientology
3 organization, and that they could not help me in any way in
4 the future. The only thing I had done which "involved"
5 these people in the attack by Scientology, had been to
6 convey to them unattached gifts or forgive significant debts
7 the owed me at the time was called to renounce my worldly
8 wealth.

9
10 9. I view it as perverse and unlawful that
11 Scientology, claiming that I had fraudulently conveyed my
12 assets to the Douglasses and the Waltons, and that these
13 people were holding these assets for me to make me judgement
14 proof, should threaten them with litigation or any other
15 threat, should they help me in my time of need with a small
16 loan. I also believe it is unlawful for Scientology to
17 eliminate any chance of my successful defense of this case
18 by threatening those to whom I have gone for help.
19 Scientology cannot now take advantage of its improper
20 actions to beat on me while I'm helpless.

21 10. I am requesting that the hearing on the motion for
22 summary adjudication be set for April 14, 1995.


23 11. I will be bringing a motion next Monday to
24 continue the trial date to allow me the opportunity to
25 obtain counsel and bring such counsel up to speed.

26 12. I advised Scientology attorney, Laurie Bartilson,
27 in person at 10:30 a.m. yesterday that I would seek a
28

1 continuance of the hearing date ex parte today if she would
2 stipulate to such a continuance. Ms. Bartilson stated at
3 approximately 1:20 p.m. yesterday that her client had
4 refused to so stipulate.

5 I declare under the penalty of perjury under the laws
6 of the State of California that the foregoing is true and
7 correct.

8 Executed at San Anselmo, California, on March 10, 1995.

9
10 A handwritten signature in black ink, appearing to read 'Gerald Armstrong', is written over a horizontal line. The signature is stylized and somewhat cursive.

11
12 GERALD ARMSTRONG

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ORDER

GOOD CAUSE appearing therefor, it is hereby ORDERED that the hearing on the motion for summary adjudication shall be continued to April 14, 1995. *J. W. T.*

DATED: MAR 10 1995

GARY W. THOMAS

Judge of the Superior Court

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14 Attorneys for Plaintiff
15 CHURCH OF SCIENTOLOGY
16 INTERNATIONAL

RECEIVED

FEB 27 1995

HUB LAW OFFICES

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 FOR THE COUNTY OF MARIN

13 CHURCH OF SCIENTOLOGY)
14 INTERNATIONAL, a California not-for-profit)
15 religious corporation,)

16 Plaintiff,

17 vs.

18)
19)
20 GERALD ARMSTRONG; DOES 1 through 25,)
21 inclusive,)

22 Defendants.
23 _____
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28

CASE NO. BC 157680

MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT
PLAINTIFF'S MOTION FOR
SUMMARY ADJUDICATION OF
THE TWENTIETH CAUSE OF
ACTION OF PLAINTIFF'S
COMPLAINT

DATE: March 31, 1995
TIME: 9:00 a.m.
DEPT: 1

DISCOVERY
CUT-OFF: March 16, 1995
MTN CUT-OFF: April 18, 1995
TRIAL DATE: May 18, 1995

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1 I. PRELIMINARY STATEMENT

2 Plaintiff, Church of Scientology International ("the Church"), seeks summary
3 adjudication of its Twentieth Cause of Action against defendant Gerald Armstrong, and the
4 entry of a permanent injunction pursuant thereto.

5 A permanent injunction is necessary in this action because defendant Gerald
6 Armstrong's breaches of the 1986 settlement agreement ("the Agreement") are repeated,
7 unceasing, and increasingly harmful to the Church. Armstrong's determination to ignore the
8 provisions of the Agreement despite legal action is dramatically evidenced simply by the
9 progression of the pleadings in this case:

10 * When this action was filed, the Church had evidence of four breaches
11 of the Agreement by Armstrong, beginning in July 1991, which it set forth in its
12 original complaint;

13 * By June 4, 1992, the Church was forced to amend its complaint to add
14 seven more causes of action which it had discovered;

15 * In July 1993 Armstrong's additional breaches of the agreement had
16 grown so numerous that the Church filed a second, separate action alleging those
17 claims;

18 * These were consolidated into the present operative pleading -- the
19 Second Amended Complaint -- which now addresses 19 separate breaches of the
20 Agreement by Armstrong;

21 * Armstrong was deposed again in August and October, 1994. During
22 those deposition sessions, he admitted to in excess of 29 additional breaches of the
23 agreement, each of which is delineated in full in the accompanying Separate Statement
24 of Undisputed Facts.¹

25 For years, Armstrong has insisted that the Church cannot enforce the Agreement and
26

27 ¹ At the end of the second day of deposition, Armstrong's attorney volunteered that he
28 would not oppose a motion by the Church to amend the complaint yet again to include these
newly admitted breaches.

1 simply ignored all reasonable efforts by the Church or the courts to persuade him to abide by
2 his word. After a preliminary injunction was entered against him, Armstrong proclaimed in
3 deposition:

4 I have absolutely no intention of honoring that settlement agreement. I
5 cannot. I cannot logically. I cannot ethically. I cannot morally. I cannot
6 psychically. I cannot philosophically. I cannot spiritually. I cannot in any
7 way. And it is firmly my intention not to honor it.

8 Q. No matter what a court says?

9 A. No court could order it. They're going to have to kill me.

10 [Sep.St.No. 87].²

11 Indeed, as recently as February 2, 1995, Armstrong sent a letter to a Church
12 employee, which he claimed to have copied to "Media," to which he attached a copy of a
13 declaration which this Court had ordered stricken on January 27, 1994. In the letter
14 Armstrong reiterated his refusal to abide by the Agreement, claiming

15 What Scientology is doing with me is suppressive, and threatening to
16 justice, wisdom and innocent people everywhere. I will continue to stand my
17 ground and I refuse to be suppressed. . . . As long as I breathe I will
18 continue to do what I see as God's will, and continue to bring Scientology's
19 evil nature to the light of truth.

20 [Sep.St.No. 97].

21 This Court has already adjudicated, however, that the Agreement is valid and may be
22 enforced against Armstrong, enforcing paragraph 7(D) of the Agreement as to two of the
23 many breaches [Sep.St.No. 1]. In May, 1992, the Los Angeles Superior Court entered a
24 preliminary injunction enforcing still other provisions of the Agreement [Sep.St.No. 86].
25 Here, plaintiff has set forth all of the undisputed evidence which compels the conclusion that
26 plaintiff is entitled to a permanent injunction which prohibits Armstrong from violating key
27 provisions of the Agreement. Specifically, plaintiff seeks an injunction which:
28

29 ² All references to evidence are to the Separate Statement of Undisputed Facts, concurrently
30 filed, which provides, by number, a full reference to the evidence in support of this motion.
31 References will be made to "Sep.St.No. __" for "Separate Statement of Undisputed Facts,
32 Fact Number __."

1 1. Prohibits Armstrong³ from voluntarily assisting private litigation adversaries⁴
2 of the Church and/or the protected entities and individuals,⁵ or from assisting would-be anti-
3 Scientology claimants;

4 2. Prohibits Armstrong from facilitating in any way the publication of any book,
5 article, film, television program, radio program or other literary, artistic or documentary
6 work of any kind which discusses Scientology and/or any of the Beneficiaries;

7 3. Prohibits Armstrong from discussing Scientology and/or the Beneficiaries with
8 third parties other than members of his immediate family;

9 4. Requires Armstrong to remove all information concerning the Church and/or
10 any of the Beneficiaries from any and all databases, electronic or otherwise, within the
11 possession, custody or control of Armstrong's Colorado corporation, FACTNet;⁶

12 5. Requires Armstrong to return to the Church any documents which he now has
13 in his possession, custody or control which discuss or concern the Church and/or any of the
14 Beneficiaries;⁷ and

15 _____
16 ³ Plaintiff requests that the permanent injunction apply to Armstrong, the Gerald Armstrong
17 corporation, their agents or employees, and persons acting in concert or conspiracy with
18 them. For the full text of the injunction which plaintiff requests, see Proposed Order of
Permanent Injunction, filed concurrently herewith.

19 ⁴ The Church is mindful of this Court's comments when summarily adjudicating the Fourth
20 and Sixth Causes of Action concerning governmental bodies, and is not seeking a permanent
21 injunction which would restrict Mr. Armstrong's voluntary assistance to governmental
entities.

22 ⁵ Paragraph 1 of the Agreement lists the individuals and entities to be protected by the
Agreement. They are hereinafter referred to collectively as "the Beneficiaries."

23 ⁶ "FACTNet" stands for "Fight Against Coercive Tactics Network, Inc." It is a Colorado
24 corporation which Armstrong formed, with friend Lawrence Wollersheim, to provide access
25 to materials for persons who were engaged in litigation with various Churches of
Scientology, or who were contemplating pressing such claims [Sep.St.Nos. 81-85].

26 ⁷ Recognizing that Armstrong will argue that such a prohibition could prevent him from
27 further litigating in this action, the proposed permanent injunction order provides that
documents actually filed in this litigation could be retained by Armstrong's counsel, for the

(continued...)

1 documents which related to the Church or other protected entities and individuals.

2 Armstrong admittedly received more than half a million dollars as his portion of a
3 total settlement paid to his attorney, Michael Flynn, in a block settlement concerning all of
4 Mr. Flynn's clients who were in litigation with any Church of Scientology or related entity.

5 [Sep.St.Nos. 2-3.]

6 **B. Armstrong's Admitted Breaches Of The Agreement**

7 That Armstrong has repeatedly breached numerous provisions of the Agreement is not
8 in dispute. The evidence of these breaches consists of Armstrong's own admissions and
9 documents, and is referenced in detail in the accompanying Separate Statement of Undisputed
10 Facts.

11 1. **Breaches Consisting of Voluntary Assistance To Adverse Litigants And/Or**
12 **Claimants**

13 Paragraphs 7(G), 7(H) and 10 of the Agreement prohibit Armstrong from assisting or
14 advising anyone "contemplating any claim or engaged in litigation" which is adverse to the
15 Church or to any of the Beneficiaries of the Agreement. Armstrong agreed not to voluntarily
16 assist others "adverse to Scientology," and not to testify in proceedings other than pursuant
17 to a lawfully issued subpoena. Between 1991 and the present, Armstrong has admitted
18 providing voluntary assistance, exclusive of testimony pursuant to subpoena, to the following
19 private individuals and/or their attorneys, in direct breach of these provisions:

20 * Vicki and Richard Aznaran, anti-Scientology litigants in the case of Vicki
21 Aznaran, et al. v. Church of Scientology International, United States District Court
22 for the Central District of California, Case No. CV 88-1786 (JMI) [Sep.St.Nos. 11-
23 16];

24 * Joseph A. Yanny, anti-Scientology litigant in the case of Religious Technology
25 Center et al. v. Joseph Yanny, et al., Los Angeles Superior Court No. C 690211 and
26 Religious Technology Center et al. v. Joseph Yanny, et al., Los Angeles Superior
27 Court No. BC 033035 [Sep.St.Nos. 17-20];

28 * Malcolm Nothling, anti-Scientology litigant in the matter between Malcolm

1 Nothling and the Church of Scientology in South Africa, Adi Codd, Diane Kemp,
2 Glen Rollins; Supreme Court of South Africa (Witwatzbsrand Local Division) Case
3 No. 19221/88. [Sep.St.Nos. 21-24];

4 * Reader's Digest Corporation, anti-Scientology litigant in the case of Church of
5 Scientology of Lausanne vs. Kiosk AG, Basel, Switzerland [Sep.St.Nos. 25-26];

6 * Richard Behar, anti-Scientology litigant in the case of Church of Scientology
7 International v. Time Warner, Inc.; Time Inc. Magazine Company and Richard
8 Behar, United States District Court, Southern District of New York, Case No. 92
9 Civ. 3024 PKL [Sep.St.Nos. 27-28];

10 * Steven Hunziker, anti-Scientology litigant in the case of Hunziker v. Applied
11 Materials, Inc., Santa Clara Superior Court Case No. 692629 [Sep.St.Nos. 29-33];

12 * David Mayo, anti-Scientology litigant in the case of Religious Technology
13 Center v. Robin Scott, et al., United States District Court for the Central District of
14 California, Case No. 85-711 [Sep.St.Nos. 34-35];

15 * Cult Awareness Network, anti-Scientology litigant in the case of Cult
16 Awareness Network v. Church of Scientology International, et al., Circuit Court of
17 Cook County, Illinois, No. 94L804 [Sep.St.Nos. 38-39];

18 * Lawrence Wollersheim, anti-Scientology litigant in the cases of Lawrence
19 Wollersheim v. Church of Scientology of California, Los Angeles Superior Court
20 Number C332027 and Church of Scientology of California v. Lawrence Wollersheim,
21 Los Angeles Superior Court Number BC074815 [Sep.St.Nos. 40-42];

22 * Ronald Lawley, anti-Scientology litigant in the cases of Religious Technology
23 Center, et al. vs. Robin Scott, et al., U.S. District Court, Central District of
24 California, Case No. 85-711 MRP(Bx); Matter Between Church of Scientology
25 Advanced Organization Saint Hill Europe and Africa, and Robin Scott, Ron Lawley,
26 Morag Bellmaine, Stephen Bisbey in the High Court of Justice Queen's Bench
27 Division, Case 1984 S No. 1675; and Matter Between Church of Scientology
28 Religious Education College Inc., and Nancy Carter, Ron Lawley, Steven Bisbey, in

1 the High Court of Justice Queen's Bench Division, Case 1986 C No. 12230
2 [Sep.St.Nos. 43-44];

3 * Uwe Geertz and Steven Fishman, anti-Scientology litigants in the case of
4 Church of Scientology International v. Steven Fishman, et al., United States District
5 Court for the Central District of California Number 91-6426 HLH(Tx) [Sep.St.Nos.
6 45-46];

7 * Tilly Good, a claimant against the Church of Scientology, Mission of
8 Sacramento Valley [Sep.St.Nos. 36-37];

9 * Denise Cantin, a claimant against the Church of Scientology of Orange
10 County; Church of Scientology of Boston; and Church of Scientology, Flag Service
11 Organization [Sep.St.Nos. 36-37]; and

12 * Ed Roberts, a claimant against the Church of Scientology of Stevens
13 Creek [Sep.St.Nos. 36-37].

14 2. Breaches Consisting of Creating, Assisting Or Attempting To
15 Create Media Publications Concerning Scientology

16 In paragraph 7(D) of the Agreement, Armstrong agreed, in part, that he would not
17 create or publish, or assist another in creating or publishing, any media publication or
18 broadcast concerning information about the Church, L. Ron Hubbard or any of the other
19 Beneficiaries of the Agreement. This Court has already enforced this portion of paragraph
20 7(D), by granting summary adjudication as to the Sixth Cause of Action [Request For
21 Judicial Notice, Ex. C]. Between 1992 and the present, Armstrong has admitted to assisting
22 (or attempting to assist) the following individuals and/or publications in creating or
23 publishing a media publication or broadcast concerning the Church and/or the Beneficiaries:

24 * Cable Network News: reporter Don Knapp, in March, 1992 [Sep.St.Nos. 47-
25 48];

26 * American Lawyer Magazine: reporter Bill Horne, in March, 1992 [Sep.St.No.
27 49];

28 * Los Angeles Times: reporter Bob Welkos, in May, 1992; and reporter Joel

- 1 Sappell, in June, 1993 [Sep.St.Nos. 50-51];
- 2 * CAN Video Interview, with anti-Scientologists "Spanky" Taylor and Jerry
- 3 Whitfield, in November, 1992 [Sep.St.No. 52];
- 4 * KFAX Radio: interview planned but prevented in April, 1993 [Sep.St.No. 53];
- 5 * Newsweek Magazine: reporter Charles Fleming, in June, 1993 and August,
- 6 1993 [Sep.St.No. 54-56];
- 7 * Daily Journal: reporter Mike Tipping, in June, 1993 [Sep.St.No. 57];
- 8 * Time Magazine: reporter Richard Behar, in March, 1992 and in June, 1993
- 9 [Sep.St.Nos. 58-59];
- 10 * San Francisco Recorder: reporter Jennifer Cohen, in August, 1993 [Sep.St.No.
- 11 60];
- 12 * E! Entertainment Network: reporter Greg Agnew, in August, 1993
- 13 [Sep.St.No. 61];
- 14 * WORD Radio: Pittsburgh, Pennsylvania, interviewed in the fall of 1993
- 15 [Sep.St.No. 62];
- 16 * St. Petersburg Times: St. Petersburg, Florida, reporter Wayne Garcia, in the
- 17 fall of 1993 [Sep.St.No. 63];
- 18 * Premiere Magazine: letter to the editor, in October, 1993 [Sep.St.No. 64];
- 19 * Mirror-Group Newspapers: United Kingdom, in May, 1994
- 20 [Sep.St.No. 65];
- 21 * Gauntlet Magazine: New York, New York, reporter Rick Cusick in June,
- 22 1994 [Sep.St.No. 66];
- 23 * Pacific Sun Newspaper: reporter Rick Sine, in June and July, 1994
- 24 [Sep.St.No. 67];
- 25 * Disney Cable: reporter Marsha Nix, in August, 1994 [Sep.St.No. 68]; and
- 26 * Tom Voltz: Swiss author writing a book about Scientology, in October, 1994
- 27 [Sep.St.No. 69].

28 In addition, Armstrong has admitted to preparing and copyrighting at least three

1 manuscripts discussing his claimed Scientology experiences, including a screen play
2 [Sep.St.Nos. 70-71]. In July, 1993, Armstrong wrote to his friend, Lawrence Wollersheim,

3 [A]s I mentioned a couple of weeks back, I have registered a treatment
4 of my Scientology experiences for motion picture purposes. I will now
5 forward with a synopsis of the later years to possible producers. This project,
6 I think, will be where many of my hours in the next couple of years will go,
7 and will bring me into direct conflict with the Scientology organization on its
8 beachhead in Hollywood.

9 [Sep.St.No. 70].

10
11 **3. Additional Breaches Consisting of Discussing Scientology, The Church,
12 And/Or The Beneficiaries With Others**

13 In paragraphs 7(D) and 7(H) of the Agreement, Armstrong further agreed that beyond
14 his immediate family members, he would not discuss with others his knowledge and
15 information about Scientology, his experiences in or with Scientology, or their knowledge of
16 or experiences with Scientology. This Court has already enforced this confidentiality portion
17 of paragraph 7(D), by granting summary adjudication as to the Fourth Cause of Action
18 [Sep.St.No. 1]. Of course, many of the breaches discussed in Parts II B1&2, supra, were
19 also breaches of this portion of the Agreement. However, Armstrong has also admitted to
20 violations of this paragraph of the Agreement with the following additional persons or
21 groups, not earlier identified: Robert Lobsinger [Sep.St.No. 72]; the New York Times
22 [Sep.St.No. 73]; Toby Plevin, Stuart Culter, Anthony Laing, Kent Burtner, and Margaret
23 Singer [Sep.St.No. 74]; Priscilla Coates [Sep.St.No. 75]; Omar Garrison [Sep.St.No. 76];
24 Vaughn and Stacy Young [Sep.St.No. 77]; a Stanford University psychology class
25 [Sep.St.No. 78]; attendees at the 1992 Cult Awareness Network Convention [Sep.St.No. 79];
26 and Hana Whitfield [Sep.St.No. 80].

27 **4. The Creation Of FACTNet To Breach The Agreement**

28 In June, 1993, Armstrong and anti-Scientologist Lawrence Wollersheim organized
"Fight Against Coercive Tactics Network, Inc." (hereinafter "FACTNet") a Colorado non-
profit corporation [Sep.St.No. 81].

Armstrong has testified under oath that he was an incorporator of FACTNet and
served as its first president [Sep.St.No. 81]. According to Armstrong, FACTNet was

1 organized "to create an electronic means of assisting the battle against harmful mind control
2 in its various forms and through its various arms, one of which -- and undeniably a major
3 one in my life -- was Scientology." [Sep.St.No. 82]. He has described FACTNet as "the
4 electronic backup" to anti-Scientology litigation, and has admitted that the purposes of
5 assembling the database included "providing access to materials for persons who were
6 engaged in litigation with various Church of Scientology entities," and "making information
7 available to persons who might be contemplating pressing claims against various Church of
8 Scientology entities." [Sep.St.No. 83].

9 Armstrong has further admitted that he himself was a major contributor to the anti-
10 Scientology library contained in FACTNet's database. He has admitted that he supplied anti-
11 Scientology materials for FACTNet's database before FACTNet was incorporated, while he
12 was its president, and after he ceased to be an officer of FACTNet [Sep.St.No. 84]. He has
13 admitted to supplying FACTNet with declarations, personal writings, exhibits and other
14 documents which Armstrong had "possessed and assembled." Armstrong estimated that he
15 had contributed in the neighborhood of two to three inches of anti-Scientology documents to
16 FACTNet. [Id.] In a July 4, 1993 letter to Lawrence Wollersheim, Armstrong stated that
17 he expected his role in FACTNet to be one of "strategy, planning and consultation."
18 [Sep.St.No. 85].

19 C. Armstrong's Intention To Commit Future Breaches

20 Armstrong's intention to continue to breach the Agreement, regardless of the
21 consequences, is also not in dispute. Indeed, Armstrong's response to every request by
22 plaintiff that he honor the Agreement, and every Court Order enforcing the Agreement, has
23 been defiance.

24 On May 28, 1992, the Honorable Ronald Sohigian of the Los Angeles Superior Court
25 issued a preliminary injunction in this action, which provided in relevant part:

26 Defendant Gerald Armstrong, his agents, and persons acting in concert
27 or conspiracy with him (excluding attorneys at law who are not said defendan-
28 t's agents or retained by him) are restrained and enjoined during the pendency
of this suit pending further order of this court from doing directly or indirectly
any of the following:

1 Voluntarily assisting any person (not a governmental organ or entity)
2 intending to make, intending to press, intending to arbitrate, or intending to
3 litigate a claim against the persons referred to in sec. 1 of the "Mutual Release
of All Claims and Settlement Agreement" of December 1986 regarding such
claim or regarding pressing, arbitrating or litigating it.

4 Voluntarily assisting any person (not a governmental organ or entity)
5 arbitrating or litigating a claim against the persons referred to in sec. 1 of the
6 "Mutual Release of All Claims and Settlement Agreement" of December,
1986.

7 [Sep.St.No. 86].⁹ The Court of Appeal upheld this injunction [Sep.St.No. 1]. Nonetheless,
8 Armstrong has proclaimed, repeatedly and as recently as mere weeks ago, that he has no
9 intention of honoring the promises which he made in the Agreement or abiding by the
10 preliminary injunction. A review of Armstrong's own statements concerning the injunction
11 and the agreement makes it plain that this Court must issue a permanent injunction which is
12 crystal clear and broad in scope. Armstrong will use any creative argument he can invent to
13 avoid his legal obligations. For example:

14 + Less than a month after the May 28 Order was issued, Armstrong asserted under oath
15 in deposition:

16 I have absolutely no intention of honoring that settlement agreement. I
17 cannot. I cannot logically. I cannot ethically. I cannot morally. I cannot
psychically. I cannot philosophically. I cannot spiritually. I cannot in any
way. And it is firmly my intention to not honor it.

18 Q. No matter what a court says?

19 A. No court could order it. They're going to have to kill me.

20 [Sep.St.No. 87].

21 + In November, 1992, Armstrong gave a lengthy videotaped interview
22 concerning his Scientology experiences to anti-Scientologists, in which he described the
23

24 ⁹ At the time of the hearing on the preliminary injunction, the Church was not aware of
25 many of Armstrong's breaches, which have since been revealed. Armstrong's interviews
26 with the media, creation of the videotape, preparation of a screenplay and creation of the
27 FACTNet database, for example, were not presented to the Court in the Church's request for
28 preliminary injunction. In seeking permanent injunction, the Church requests an expansion
of the preliminary injunction that would prohibit all of the violations of the Agreement
proven herein.

1 preliminary injunction as follows:

2 I cannot, except pursuant to a subpoena, assist someone intending to
3 file a claim or pressing a claim against the organization. Now then we are
4 appealing even that narrow ruling, because that's unenforceable because if you
5 construe that my ... that this video could possibly indirectly help someone in
the future, I can't do this. And not only that but if you consider that my
existence indirectly or directly helps someone, then I'll oblige to take my own
life. In other words I must stop breathing.

6 [Sep.St.No. 88].

7 + On December 22, 1992, Armstrong sent a letter to plaintiff's counsel,¹⁰ in
8 which he threatened that if the Church did not pay him \$500,000 and dismiss this lawsuit, he
9 would travel to South Africa to testify against a Church of Scientology, give interviews to the
10 media, and assist anyone and everyone opposing Churches that he could locate [Sep.St.No.
11 89]. Expressing the viewpoint that the May 28 Order placed no restrictions whatsoever on
12 his conduct, Armstrong stated:

13 I consider myself free to do anything anyone can, except testify absent
14 a subpoena. Much of what I am permitted to do I am going to do. . . .

15 I will continue to associate with and befriend all those people I consider
16 you attack unjustly and senselessly. I will make my knowledge and support
17 available to the Cult Awareness Network, a group of people of good will you
vilify, in all the litigation you have fomented against them¹¹. . . . I will even
make my knowledge and support available to entities like Time and people like
Rich Behar in their defenses from your attacks.¹²

18 [Sep.St.No. 90]. In that same letter, Armstrong made plain the personal contempt which he

19
20 ¹⁰ In what can only be described as deliberate harassment, Armstrong also sent copies of the
21 letter to 35 individuals and groups, including anti-Church litigants, such as Vicki and Richard
22 Aznaran, Larry Wollersheim and Joseph Yanny, and lawyers who represent clients in actions
brought against one of more churches, including Toby Plevin, John Elstead and Daniel
Leipold.

23 ¹¹ The Cult Awareness Network is an anti-religious group that advocates the kidnapping and
24 forcible "deprogramming" of individuals belonging to religions which they have identified as
25 "cults." While the Church is not presently suing the Cult Awareness Network in any
26 litigation, the Cult Awareness Network and its Executive Director, Cynthia Kisser, have
initiated three actions against various Church of Scientology [Sep.St.No. 38].

27 ¹² Behar is the author of a Time cover story concerning the Church which ran in May, 1991.
28 The Church is presently engaged in a lawsuit against Time and Behar for defamation
[Sep.St.Nos. 27].

1 had for a court which would rule against him:

2 There is also, as mentioned above, the fact that in order to defend
3 myself from your attacks and to fund the defense of the litigation you have
4 fomented I must speak and must publish. I'm sure you understand that I
5 remain completely confident that no court, other than the odd one your
6 mercenaries are able to compromise with bucks, babes or bull, will order me
7 not to defend myself.

8 [Sep.St.No. 91].

9 + In February, 1993, Armstrong executed a declaration in which he had this to
10 say about the preliminary injunction:

11 When I received and read the Sohigian ruling I sought to divine its meaning
12 and apply it sensibly to my life, work and legal situation. If it meant precisely what
13 it said then I would have to stop breathing because by breathing I would be indirectly
14 assisting any person litigating a claim against the organization entities referred to in
15 sec. 1 of the settlement agreement. Obviously, therefore, Judge Sohigian did not
16 mean what he stated. If he meant only that I could not, as opposed to passive
17 assistance to litigating claimants such as breathing, living and writing magazine
18 articles for the public generally, physically act to help such a claimant personally, I
19 would have to ensure every little old lady or little old man I might escort across the
20 road was not such a claimant. I am certain Judge Sohigian did not intend that. . . . I
21 do not believe such non-assistance covenants or orders are legal or do anything but
22 obstruct the administration of justice and attempt to destroy mens' souls.

23 [Sep.St.No. 92].

24 + Armstrong has also insisted, repeatedly, that the plain provisions of the
25 Agreement simply don't apply to him. On May 3, 1993, he wrote to plaintiff's counsel,
26 Laurie Bartilson, saying:

27 You are in error in your interpretation of the December 6, 1986
28 settlement agreement. I did not agree on that date to forego future media
appearances for a substantial sum of money. . . .

29 [Sep.St.No. 93]. According to Armstrong's twisted logic, by insisting that Armstrong was
30 required to abide by the written agreement, the Church was engaging in what he termed
31 "continuing calumny," and justifying his further breaches. According to Armstrong,
32 preventative actions taken by Ms. Bartilson to restrain a media appearance by Armstrong
33 were "obscene":

34 Your threat that you will subject me to the liquidated damages
35 provision of the agreement for appearing [on a radio program] is obscene.
36 Even its inclusion in the settlement agreement, that is \$50,000 per word I
37 write or speak about your organization is obscene.

1 [Sep.St.No. 93].

2 + In a letter to plaintiff's counsel dated August 16, 1993, Armstrong took a new
3 approach to the problem: he decided to proclaim that his breaches of the Agreement were
4 not discrete, but rather a single, continuing breach, which he would not end:

5 [M]y breaching of the agreement has continued unabated since 1990. It is my
6 duty, therefore, to continue that breach unabated until the agreement is
7 rescinded and no longer exists to be breached. This letter also serves to advise
8 you and your client to not waste its victims "donations" sending around its
9 camera-toting PIs to try to catch me in an instant when I am doing something
other than my unbroken breach. If I am not heard to be breaching the
agreement at any moment, I have not stopped doing so, but am just between
words or breaching in whisper. Even in my sleep, though I may not be
somniloquizing, I am in every instant breaching the agreement.

10 [Sep.St.No. 94].

11 + In June, 1994, Armstrong gave an interview to Pacific Sun reporter Rick Sine,
12 in which he claims to have given Sine still another interpretation of the Agreement: that his
13 breaches were dictated by fate:

14 I stated that, certainly at one point, that the settlement agreement was
15 unenforceable from the start; and according to the language of the settlement
16 agreement, it was absolutely impossible to live, live by it; and I realize it would have
17 driven me absolutely nuts to even attempt. Nevertheless, I had tried to live by it and
live within what I call the spirit of settlement, unless I arrived at a point where it
simply was impossible and I had to take a stand and had to do -- take the acts, do the
things that I ended up doing.

18 [Sep.St.No. 95]. In a letter to the editor of that paper, Armstrong boasted, just a few weeks
19 later, that Judge Sohigian "refused the organization's gargantuan effort to gag me. . . . I
20 rarely had to consider violating the injunction to help [people]. Everyone else I help with
21 impunity." [Sep.St.No. 96].

22 + On January 27, 1995, this Court adjudicated Armstrong to be in breach of the
23 Agreement and ordered him to pay plaintiff \$100,000 for these breaches. Just a few days
24 later, Armstrong took it upon himself to write to the Church, copying the "media," his
25 proclamation that the Court's Order would not stop him from future breaches:

26 What Scientology is doing with me is suppressive, and threatening to
27 justice, wisdom and innocent people everywhere. I will continue to stand my
28 ground and I refuse to be suppressed. . . . As long as I breathe I will
continue to do what I see as God's will, and continue to bring Scientology's
evil nature to the light of truth.

1 [Sep.St.No. 97].

2 Obviously, Armstrong does not consider the Agreement, or its liquidated damages
3 provisions, to be a deterrent, or to restrict his conduct in any way. A permanent, specific,
4 and forceful injunction is necessary to restore to plaintiff the status quo which existed in
5 December, 1986.

6 **III. ARGUMENT**

7 **A. The Necessity Of A Permanent Injunction May Be**
8 **Determined By Summary Adjudication**

9 A motion for summary adjudication "shall be granted if all the papers submitted show
10 that there is no triable issue as to any material fact and that the moving party is entitled to a
11 judgment as a matter of law." Code Civ. Proc. § 437c(c). As demonstrated below, and in
12 the Separate Statement of Undisputed Facts, the Church has met its burden by proving, from
13 Armstrong's own admissions, each element of the cause of action for injunctive relief. This
14 Court has already determined that Armstrong's claimed affirmative defenses are inadequate
15 as a matter of law. [Order of January 27, 1995.]

16 Once the moving party has shown the nonexistence of a factual dispute as to a
17 material fact, the party opposing the motion can avoid summary adjudication only by
18 presenting evidence tending to demonstrate that there exists a triable issue of material fact.
19 See, e.g., University of Southern California v. Superior Court (1990) 222 Cal.App.3d 1028,
20 1036, 272 Cal.Rptr. 264.

21 Indeed, courts have found summary adjudication to be particularly appropriate for
22 resolving a cause of action for breach of a written contract. "Where there is no conflict as to
23 the terms of a contract, and where its provisions are not uncertain or ambiguous, its
24 'meaning and effect * * * and the relation of the parties to it thereby created * * * become a
25 question of law to be decided by the court.'" Nizuk v. Georges (1960) 180 Cal.App.2d 699,
26 705, 4 Cal.Rptr. 565, 570 (citations omitted) (liability under written employment contract
27 properly decided on motion for summary judgment). Permanent injunctive relief may be had
28 without trial where, as here, the facts which support issuance of the permanent injunction are

1 undisputed. Camp v. Mendocino County Board of Supervisors (1981) 123 Cal.App.3d 334,
2 357-358, 176 Cal.Rptr. 620, 635.

3 **B. An Injunction May Be Granted To Prevent The Breach Of A Contract The**
4 **Performance Of Which Would Be Specifically Enforced**

5 C.C.P. § 526 empowers the court to grant an injunction to prevent a breach of a
6 contract if the contract is one which may be specifically enforced. C.C.P. § 526; see also,
7 Steinmeyer v. Warner Consolidated Corp. (1974) 42 Cal.App.3d 515, 518, 116 Cal.Rptr.
8 57, 60 ("An injunction cannot be granted to prevent breach of a contract which is not
9 specifically enforceable."); Southern Christian Leadership Conference of Greater Los
10 Angeles v. Al Malaikah Auditorium Co. (1991) 230 Cal.App.3d 207, 281 Cal.Rptr. 216.
11 The Agreement at issue is one which may be specifically enforced by this Court as the
12 contract is sufficiently definite and certain in its terms, it is just and reasonable, the plaintiff
13 has performed its side of the bargain, Armstrong has breached the contract, the Agreement
14 was supported by adequate consideration, and the Church's remedy at law is inadequate.
15 Taramind Lithography Workshop, Inc. v. Sanders (1983) 143 Cal.App.3d. 571, 575, 193
16 Cal.Rptr. 409, 410.

17 A permanent injunction may be granted to prevent breach of contract "[w]here
18 pecuniary compensation would not afford adequate relief" or "[w]here the restraint is
19 necessary to prevent a multiplicity of judicial proceedings." Civil Code § 3422(1), (3). As
20 demonstrated below, both of these circumstances are present in this case.

21 Civil Code § 3389 expressly provides that a liquidated damages provision does not
22 preclude a contract from being specifically enforceable. Accordingly, the Court is
23 empowered to grant a permanent injunction to enjoin Armstrong from further breach, not
24 withstanding that some, but not all, of the clauses in the settlement agreement provide for
25 liquidated damages.

26 **C. Prevention Of Irreparable Injury And Avoidance Of Multiplicity Of Actions**
27 **Requires The Court To Issue A Permanent Injunction**

28 The Los Angeles Court has already issued a preliminary injunction enforcing the
settlement agreement. Moreover, Scientology's former Mother Church, the Church of

1 Scientology of California ("CSC"), has already obtained injunctions and specific performance
2 of similar settlement agreements. Thus, while C.C.P. § 526(5) deters the granting of
3 injunctions to prevent the breach of a contract "the performance of which would not be
4 specifically enforced," this Agreement patently is specifically enforceable. In Wakefield v.
5 Church of Scientology of California (11th Cir. 1991) 938 F.2d 1226, CSC obtained specific
6 performance of an agreement substantially similar to this Agreement. CSC moved to enforce
7 the provisions of the settlement agreement, and the district court ordered hearings before the
8 magistrate judge, who concluded that Wakefield had violated the agreement. The district
9 court adopted the magistrate judge's findings and issued a preliminary and permanent
10 injunction prohibiting Wakefield from violating the agreement. Id. When Wakefield
11 violated the injunction, again making media appearances, CSC sought an order to show cause
12 why Wakefield should not be held in contempt. At an in camera proceeding, the magistrate
13 judge found that Wakefield had willfully violated the injunction, and recommended that the
14 case be referred to the United States Attorney's office for criminal contempt proceedings.
15 Id. at 4628.

16 Although the district court's issuance of the injunction in Wakefield was not at issue
17 in the Eleventh Circuit proceedings, the Eleventh Circuit described in its opinion,
18 "Wakefield's constant disregard and misuse of the judicial process," suggesting approval of
19 the district court's actions. Id. at 4630.

20 Similarly, in McLean v. Church of Scientology of California (11th Cir. 1991) (Slip
21 Op.) plaintiff McLean also entered into a settlement agreement containing confidentiality
22 provisions preventing her from discussing the litigation with anyone outside her immediate
23 family. Id. at 2. By her own testimony, McLean admitted to reacquiring certain documents
24 and using them to "counsel" Church members. She further admitted to discussing certain
25 aspects of the suit with people outside her immediate family. Id. at 5. As a result, the
26 appellate court affirmed the district court order permanently enjoining McLean from
27 disclosing any information about her lawsuit and the resulting settlement agreement. Id. at
28 6.

1 Just as the district courts in Wakefield and McLean found it necessary to issue
2 permanent injunctions to enforce the agreement of the parties, so should this Court issue a
3 permanent injunction to enjoin Armstrong from further breaches which he candidly promises.

4 1. The Church Will Be Irreparably Harmed
5 Absent The Issuance Of An Injunction

6 The Los Angeles Court and the Court of Appeal have already found in this case that
7 the Church's legal remedies against Armstrong are inadequate. [Sep.St.No. 1, 86]. Not
8 only is Armstrong assisting adversaries of the Church, he is doing so to foster and perpetuate
9 relentless litigation against the Church to serve his own ends. Armstrong's conduct is
10 continuous, oppressive and malicious and has been undertaken for the express purpose of
11 injuring the Church. Even the Court's preliminary injunction order has been viewed so
12 myopically by Armstrong as permitting him to violate the provisions of the Agreement not
13 specifically enumerated in the injunction, instead of prohibiting him from future breaches.
14 Only a detailed permanent injunction fully enforcing the contractual provisions has any hope
15 of stopping Armstrong from waging his malicious, relentless war.

16 Although some of Armstrong's breaches are subject to a liquidated damages clause,
17 others, including the continual violations which he is engaging in through his operation of
18 FACTNet, are not. Moreover, Armstrong's breaches which are subject to the liquidated
19 damages clause are so numerous that it is patently obvious that Armstrong does not regard
20 the possibility of a large monetary judgment against him as a deterrent. All of these
21 violations must, accordingly, be enjoined.

22 2. Armstrong Must Be Permanently Enjoined To Prevent A Multiplicity Of
23 Actions

24 Armstrong has dramatically demonstrated, during the pendency of this action, just
25 why a permanent injunction must issue if the Church is to have meaningful relief. Most of
26 the breaches of the Agreement described in the Statement of Facts occurred after the initial
27 complaint in this action was filed. While some of them were added to the Second Amended
28 Complaint, the most recent events are not the subject of this action, yet they are among the
most egregious. For example, on February 2, 1995, right after this Court ordered him to

1 pay plaintiff \$100,000 in liquidated damages, Armstrong chose to circulate a declaration
2 stricken by this Court, to which he attached copied versions of the Church's confidential
3 religious scripture, to the media. He announced, by letter, that he intends to "stand his
4 ground" and continue to breach the Agreement. If a permanent injunction does not issue and
5 these threats are carried out by Armstrong, additional, repetitive litigation will be necessary
6 for the Church to secure its rights pursuant to the Agreement.

7 **3. A Balancing Of The Equities Requires The Court**
8 **To Issue A Permanent Injunction**

9 In determining whether to grant injunctive relief, the Court must balance the equities
10 before it and exercise its discretion in favor of the party most likely to be injured. Robbins
11 v. Superior Court (1985) 38 Cal.3d 199, 205, 211 Cal.Rptr. 398, 402. In balancing the
12 equities, the Court considers the harm that plaintiff is likely to suffer if the injunction is
13 denied as compared to the harm that defendants are likely to suffer if the injunction is
14 granted. Id. at 206.

15 Armstrong has no equities whatsoever in this action. No one has any right to
16 continue to violate a settlement agreement. Armstrong already has received the benefits of
17 the Agreement in the form of substantial monetary compensation. Armstrong's only "injury"
18 if he is enjoined is that he will not be able to violate the Agreement in the future.¹³ On the
19 other hand, the harm that will be suffered by the Church absent injunctive relief is the
20 irreparable harm of being victimized by Armstrong's violations, while others with interests
21 adverse to the Church benefit in legal proceedings from an unfettered flow of breached
22 obligations, wrongful disclosures and fiduciary infidelity. Furthermore, California courts
23 have long recognized the public interest in encouraging settlements (which necessitates that
24 such settlement agreements be enforceable on the parties concerned). Phelps v. Kozakar
25 (1983) 146 Cal.App.3d 1078, 1081, 194 Cal.Rptr. 872, 874. Thus, the balancing of the

26 ¹³ Armstrong has argued unsuccessfully that enforcement of the Agreement would infringe
27 on his First Amendment rights. However, Judge Sohigian, this Court, and the Court of
28 Appeal have all firmly held that Armstrong may, and has, contracted away these rights.

1 equities unquestionably favors the Church.

2 **IV. CONCLUSION**

3 As demonstrated herein, the Church has suffered substantial and irreparable harm due
4 to Armstrong's deliberate and systematic violations of the Agreement, and will continue to
5 do so absent issuance of a permanent injunction. The facts of the making of the Agreement,
6 performance by the Church, Armstrong's repeated breaches, and Armstrong's dedication to
7 continuing to breach the Agreement are undisputed. A preliminary injunction has already
8 issued, which has restrained Armstrong from violating some of the provisions of the
9 Agreement, but which has not prevented him from additional breaches. Issuance of a
10 permanent injunction is necessary for plaintiff to obtain meaningful relief.

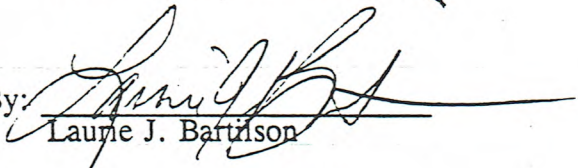
11 For all of the foregoing reasons, plaintiff requests that the Court enter a permanent
12 injunction enforcing the terms of the Agreement, according to the Proposed Order filed
13 herewith.

14 Dated: February 23, 1995

Respectfully submitted,

15 Andrew H. Wilson
16 WILSON, RYAN AND CAMPILONGO

17 MOXON & BARTILSON

18
19 By: 
Laurie J. Bartilson

20 Attorneys for Plaintiff
21 CHURCH OF SCIENTOLOGY
22 INTERNATIONAL
23
24
25
26
27
28

PROOF OF SERVICE

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Boulevard, Suite 2000, Los Angeles, CA 90028.

On February 23, 1995, I served the foregoing document described as MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT PLAINTIFF'S MOTION FOR SUMMARY ADJUDICATION OF THE TWENTIETH CAUSE OF ACTION OF PLAINTIFF'S COMPLAINT on interested parties in this action,

[] by placing the true copies thereof in sealed envelopes as stated on the attached mailing list;

[X] by placing [] the original [X] true copies thereof in sealed envelopes addressed as follows:

FORD GREENE
HUB Law Offices
711 Sir Francis Drake Blvd.
San Anselmo, CA 94960-1949

MICHAEL WALTON
700 Larkspur Landing Circle
Suite 120
Larkspur, CA 94939

[x] BY FAX AND MAIL

[] *I deposited such envelope in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.

[x] As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal

cancellation date or postage meter date is more than one day after date of deposit for mailing an affidavit.

Executed on February 23, 1995 at Los Angeles, California.

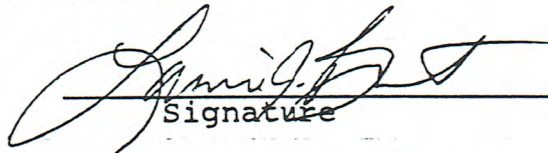
[] **** (BY PERSONAL SERVICE)** I delivered such envelopes by hand to the offices of the addressees.

Executed on _____ at Los Angeles, California.

[X] (State) I declare under penalty of the laws of the State of California that the above is true and correct.

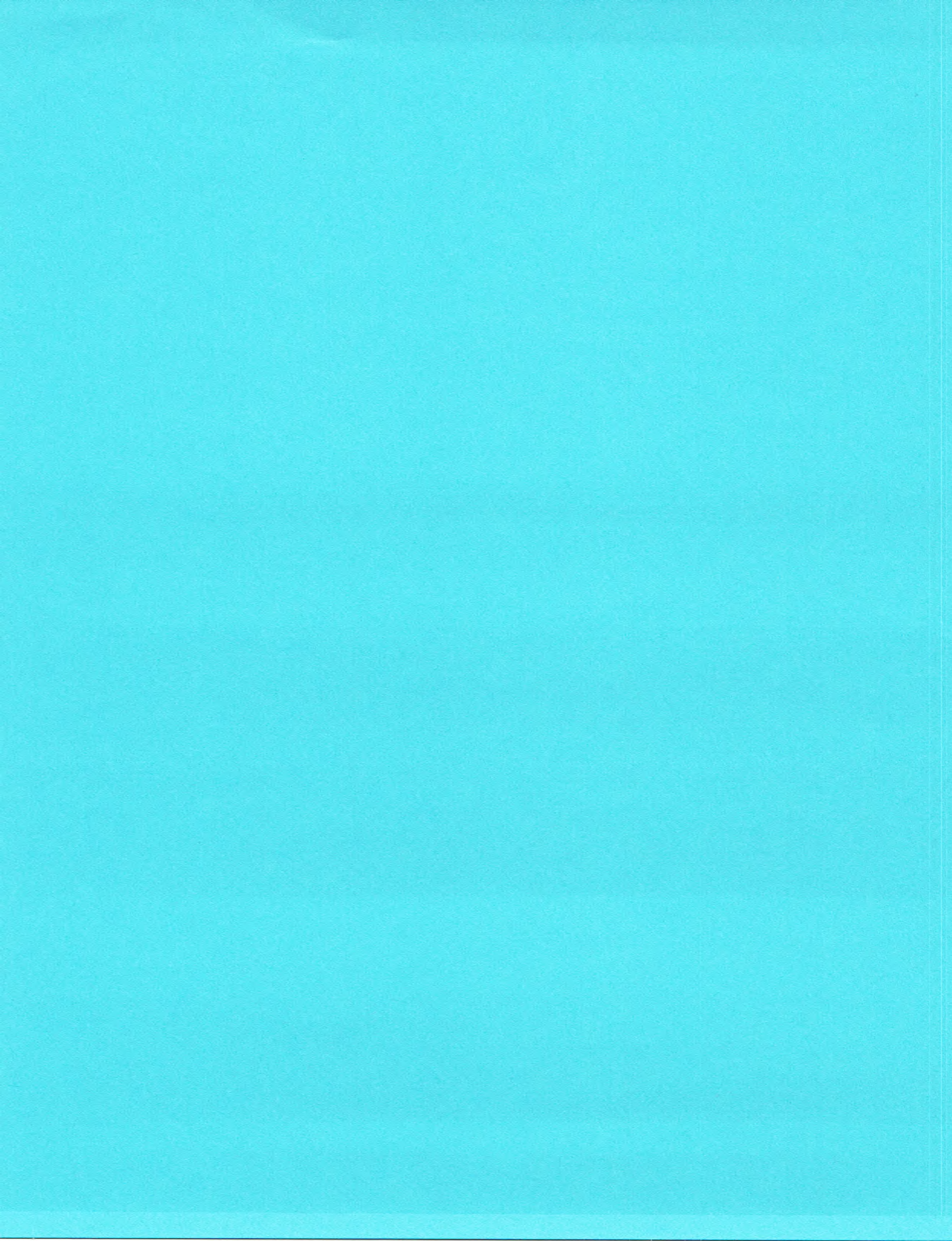
[] (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Laurie J. Bartilson
Print or Type Name


Signature

* (By Mail, signature must be of person depositing envelope in mail slot, box or bag)

** (For personal service signature must be that of messenger)



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8 Attorneys for Plaintiff
9 CHURCH OF SCIENTOLOGY
INTERNATIONAL

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11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 FOR THE COUNTY OF MARIN

13 CHURCH OF SCIENTOLOGY)
14 INTERNATIONAL, a California not-for-profit)
religious corporation,)

16 Plaintiff,

18 vs.

20 GERALD ARMSTRONG; DOES 1 through 25,)
inclusive,)

22 Defendants.)

CASE NO. BC 157680

[PROPOSED]

ORDER OF PERMANENT
INJUNCTION

DATE: March 31, 1995
TIME: 9:00 a.m.
DEPT: 1

DISC.CUT-OFF: Mar. 19, 1995
MTN CUT-OFF: Apr. 18, 1995
TRIAL DATE: May 18, 1995

23
24 This matter came on for hearing on August 31, 1994, on motion of plaintiff Church
25 of Scientology International ("the Church") for Summary Adjudication of the Fourth, Sixth
26 and Eleventh Causes of Action of the Second Amended Complaint. Plaintiff Church of
27 Scientology International appeared by its attorneys, Andrew H. Wilson of Wilson, Ryan &
28 Campilongo and Laurie J. Bartilson of Bowles & Moxon, defendant Armstrong appeared by

1 his attorney, Ford Greene. Having read and considered the moving and opposing papers, and
2 the evidence and arguments presented therein and at the hearing, and good cause appearing:

3 IT IS ORDERED:

4 The Church's motion for summary adjudication of the twentieth cause of action of the
5 Second Amended Complaint is GRANTED. The Court finds that there is no triable issue of
6 material fact as to any of the following:

7 1. Plaintiff and defendant freely and voluntarily entered into a Mutual Release of
8 All Claims and Settlement Agreement ("Agreement") in December, 1986.

9 2. Plaintiff performed all of its obligations pursuant to the Agreement.

10 3. Defendant Armstrong received substantial consideration for the promises which
11 he made in the Agreement.

12 4. Since 1990, defendant Armstrong has repeatedly breached paragraphs 7(D),
13 7(E), 7(H), 7(G), 10, 18(D) and 20 of the Agreement.

14 5. Between 1991 and the present, Armstrong breached paragraphs 7(G), 7(H) and
15 10 of the Agreement by providing voluntary assistance, exclusive of testimony made pursuant
16 to a valid subpoena, to the following private individuals, each of whom was pressing a claim
17 or engaged in litigation with plaintiff and/or one or more of the persons and entities referred
18 to in paragraph 1 of the Agreement:

19 * Vicki and Richard Aznaran, anti-Scientology litigants in the case of Vicki
20 Aznaran, et al. v. Church of Scientology International, United States District Court
21 for the Central District of California, Case No. CV 88-1786 (JMI) [Sep.St.Nos. 11-
22 16];

23 * Joseph A. Yanny, anti-Scientology litigant in the case of Religious Technology
24 Center et al. v. Joseph Yanny, et al., Los Angeles Superior Court No. C 690211 and
25 Religious Technology Center et al. v. Joseph Yanny, et al., Los Angeles Superior
26 Court No. BC 033035 [Sep.St.Nos. 17-20];

27 * Malcolm Nothling, anti-Scientology litigant in the matter between Malcolm
28 Nothling and the Church of Scientology in South Africa, Adi Codd, Diane Kemp,

1 Glen Rollins; Supreme Court of South Africa (Witwatzbsrand Local Division) Case
2 No. 19221/88. [Sep.St.Nos. 21-24];

3 * Reader's Digest Corporation, anti-Scientology litigant in the case of Church of
4 Scientology of Lausanne vs. Kiosk AG, Basel, Switzerland [Sep.St.Nos. 25-26];

5 * Richard Behar, anti-Scientology litigant in the case of Church of Scientology
6 International v. Time Warner, Inc.; Time Inc. Magazine Company and Richard
7 Behar, United States District Court, Southern District of New York, Case No. 92
8 Civ. 3024 PKL [Sep.St.Nos. 27-28];

9 * Steven Hunziker, anti-Scientology litigant in the case of Hunziker v. Applied
10 Materials, Inc., Santa Clara Superior Court Case No. 692629 [Sep.St.Nos. 29-33];

11 * David Mayo, anti-Scientology litigant in the case of Religious Technology
12 Center v. Robin Scott, et al., United States District Court for the Central District of
13 California, Case No. 85-711 [Sep.St.Nos. 34-35];

14 * Cult Awareness Network, anti-Scientology litigant in the case of Cult
15 Awareness Network v. Church of Scientology International, et al., Circuit Court of
16 Cook County, Illinois, No. 94L804 [Sep.St.Nos. 38-39];

17 * Lawrence Wollersheim, anti-Scientology litigant in the cases of Lawrence
18 Wollersheim v. Church of Scientology of California, Los Angeles Superior Court
19 Number C332027 and Church of Scientology of California v. Lawrence Wollersheim,
20 Los Angeles Superior Court Number BC074815 [Sep.St.Nos. 40-42];

21 * Ronald Lawley, anti-Scientology litigant in the cases of Religious Technology
22 Center, et al. vs. Robin Scott, et al., U.S. District Court, Central District of
23 California, Case No. 85-711 MRP(Bx); Matter Between Church of Scientology
24 Advanced Organization Saint Hill Europe and Africa, and Robin Scott, Ron Lawley,
25 Morag Bellmaine, Stephen Bisbey in the High Court of Justice Queen's Bench
26 Division, Case 1984 S No. 1675; and Matter Between Church of Scientology
27 Religious Education College Inc., and Nancy Carter, Ron Lawley, Steven Bisbey, in
28 the High Court of Justice Queen's Bench Division, Case 1986 C No. 12230

1 [Sep.St.Nos. 43-44];

2 * Uwe Geertz and Steven Fishman, anti-Scientology litigants in the case of
3 Church of Scientology International v. Steven Fishman, et al., United States District
4 Court for the Central District of California Number 91-6426 HLH(Tx) [Sep.St.Nos.
5 45-46];

6 * Tilly Good, a claimant against the Church of Scientology, Mission of
7 Sacramento Valley [Sep.St.Nos. 36-37];

8 * Denise Cantin, a claimant against the Church of Scientology of Orange
9 County; Church of Scientology of Boston; and Church of Scientology, Flag Service
10 Organization [Sep.St.Nos. 36-37]; and

11 * Ed Roberts, a claimant against the Church of Scientology of Stevens
12 Creek [Sep.St.Nos. 36-37].

13 6. Between 1992 and the present, Armstrong breached paragraph 7(D) of the
14 Agreement by contacting media representatives, granting interviews and attempting to assist
15 media representatives in the preparation for publication or broadcast magazine articles,
16 newspaper articles, books, radio and television programs, about or concerning the Church
17 and/or other persons and entities referred to in paragraph 1 of the Agreement. These media
18 representatives included:

19 * Cable Network News: reporter Don Knapp, in March, 1992 [Sep.St.Nos. 47-
20 48];

21 * American Lawyer Magazine: reporter Bill Horne, in March, 1992 [Sep.St.No.
22 49];

23 * Los Angeles Times: reporter Bob Welkos, in May, 1992; and reporter Joel
24 Sappell, in June, 1993 [Sep.St.Nos. 50-51];

25 * CAN Video Interview, with anti-Scientists "Spanky" Taylor and Jerry
26 Whitfield, in November, 1992 [Sep.St.No. 52];

27 * KFOX Radio: interview planned but prevented in April, 1993 [Sep.St.No. 53];

28 * Newsweek Magazine: reporter Charles Fleming, in June, 1993 and August,

- 1 1993 [Sep.St.No. 54-56];
- 2 * Daily Journal: reporter Mike Tipping, in June, 1993 [Sep.St.No. 57];
- 3 * Time Magazine: reporter Richard Behar, in March, 1992 and in June, 1993
- 4 [Sep.St.Nos. 58-59];
- 5 * San Francisco Recorder: reporter Jennifer Cohen, in August, 1993 [Sep.St.No.
- 6 60];
- 7 * E! Entertainment Network: reporter Greg Agnew, in August, 1993
- 8 [Sep.St.No. 61];
- 9 * WORD Radio: Pittsburgh, Pennsylvania, interviewed in the fall of 1993
- 10 [Sep.St.No. 62];
- 11 * St. Petersburg Times: St. Petersburg, Florida, reporter Wayne Garcia, in the
- 12 fall of 1993 [Sep.St.No. 63];
- 13 * Premiere Magazine: letter to the editor, in October, 1993 [Sep.St.No. 64];
- 14 * Mirror-Group Newspapers: United Kingdom, in May, 1994
- 15 [Sep.St.No. 65];
- 16 * Gauntlet Magazine: New York, New York, reporter Rick Cusick in June,
- 17 1994 [Sep.St.No. 66];
- 18 * Pacific Sun Newspaper: reporter Rick Sine, in June and July, 1994
- 19 [Sep.St.No. 67];
- 20 * Disney Cable: reporter Marsha Nix, in August, 1994 [Sep.St.No. 68]; and
- 21 * Tom Voltz: Swiss author writing a book about Scientology, in October, 1994
- 22 [Sep.St.No. 69].

23 7. Between 1992 and the present, Armstrong breached paragraph 7(D) of the

24 Agreement by preparing and distributing at least three manuscripts concerning his claimed

25 experiences in and with Scientology, including a treatment for a screenplay which he intends

26 to turn into a film [Sep.St.Nos.70-71].

27 8. Between 1991 and the present, Armstrong further breached paragraph 7(D) of

28 the Agreement by disclosing his claimed experiences in or with Scientology to each of the

1 following persons or groups, not previously identified: Robert Lobsinger [Sep.St.No. 72];
2 the New York Times [Sep.St.No. 73]; Toby Plevin, Stuart Culter, Anthony Laing, Kent
3 Burtner, and Margaret Singer [Sep.St.No. 74]; Priscilla Coates [Sep.St.No. 75]; Omar
4 Garrison [Sep.St.No. 76]; Vaughn and Stacy Young [Sep.St.No. 77]; a Stanford University
5 psychology class [Sep.St.No. 78]; attendees at the 1992 Cult Awareness Network Convention
6 [Sep.St.No. 79]; and Hana Whitfield [Sep.St.No. 80].

7 9. In June, 1993, Armstrong organized "Fight Against Coercive Tactics, Inc."
8 ("FACTNet"), a Colorado non-profit corporation, for the purpose of creating an electronic
9 database for use in anti-Scientology litigation [Sep.St.Nos. 81-82]. Armstrong provided
10 declarations, documents, strategy and planning to FACTNet [Sep.St.Nos. 84-85]. Armstrong
11 admits that the purposes of assembling database include "providing access to materials for
12 persons who were engaged in litigation with various Church of Scientology entities," and
13 "making information available to persons who might be contemplating pressing claims against
14 various Church of Scientology entities." [Sep.St.No. 83].

15 10. Defendant Armstrong has reiterated numerous times that he intends to
16 continuing breaching the Agreement unless he is ordered by the Court to cease and desist
17 [Sep.St.Nos. 87-97].

18 11. Plaintiff's legal remedies are inadequate insofar as the scope of the relief
19 ordered below is concerned. Tamarind Lithography Workshop, Inc. v. Sanders (1983) 143
20 Cal.App.3d 571, 577-578, 193 Cal.Rptr. 409, 413.

21 Accordingly, the Court finds that entry of a permanent injunction in this action is
22 necessary in this action because pecuniary compensation could not afford the Church
23 adequate relief, and the restraint is necessary in order to prevent a multiplicity of actions for
24 breach of contract. Civil Code § 3422(1),(3). A ORDER of injunction is therefore entered
25 as follows:

26 Defendant Gerald Armstrong, his agents, employees, and persons acting in concert or
27 conspiracy with him are restrained and enjoined from doing directly or indirectly any of the
28 following:

1 1. Voluntarily assisting any person (not a governmental organ or entity)
2 intending to make, intending to press, intending to arbitrate, or intending to litigate a
3 claim against any of the persons or entities referred to in paragraph 1 of the "Mutual
4 Release of All Claims and Settlement Agreement" of December, 1986, regarding such
5 claim or regarding pressing, arbitrating, or litigating it;

6 2. Voluntarily assisting any person (not a governmental organ or entity)
7 defending a claim, intending to defend a claim, intending to defend an arbitration, or
8 intending to defend any claim being pressed, made, arbitrated or litigated by any of
9 the persons or entities referred to in paragraph 1 of the "Mutual Release of All
10 Claims and Settlement Agreement" of December, 1986, regarding such claim or
11 regarding defending, arbitrating, or litigating against it;

12 3. Voluntarily assisting any person (not a governmental organ or entity)
13 arbitrating or litigating adversely to any person or entity referred to in paragraph 1 of
14 the "Mutual Release of All Claims and Settlement Agreement" of December, 1986;

15 4. Facilitating in any manner the creation, publication, broadcast, writing,
16 filming audio recording, video recording, electronic recording or reproduction of any
17 kind of any book, article, film, television program, radio program, treatment,
18 declaration, screenplay or other literary, artistic or documentary work of any kind
19 which discusses, refers to or mentions Scientology, the Church, and/or any person or
20 entity referred to in paragraph 1 of the "Mutual Release of All Claims and Settlement
21 Agreement" of December, 1986;

22 5. Discussing with anyone, not a member of Armstrong's immediate
23 family or his attorney, Scientology, the Church, and/or any person or entity referred
24 to in paragraph 1 of the "Mutual Release of All Claims and Settlement Agreement" of
25 December, 1986;

26 6. Acquiring or creating in the future any repository, collection, or
27 database (electronic or otherwise) of writings, recordings, documents, or books of any
28 kind, which discuss or concern Scientology, the Church and/or any person or entity

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referred to in paragraph 1 of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986.

In addition, it is ORDERED that, within 20 days of the issuance of this Order, Armstrong shall:

1. Remove all information concerning Scientology, the Church and/or any person or entity referred to in paragraph 1 of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986 from any and all databases, electronic or otherwise, within the possession, custody or control of FACTNet;

2. Return to the Church any documents which he now has in his possession, custody or control which discuss or concern Scientology, the Church and/or any person or entity referred to in paragraph 1 of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986, other than documents which have been filed in this litigation.

It is further ORDERED that during the pendency of this litigation, documents which have been filed in this litigation may be retained by Armstrong's counsel. Those documents are to remain sealed, in the possession of Mr. Greene or any successor counsel, and may not be distributed to third parties. At the conclusion of the instant litigation, it is ORDERED that all documents from this case in counsel's possession which do not comprise counsel's work product will be delivered to counsel for plaintiff. Counsel's work product may be retained by Armstrong's counsel.

DATED: _____, 1995

THE HONORABLE GARY W. THOMAS
SUPERIOR COURT JUDGE

PROOF OF SERVICE

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Boulevard, Suite 2000, Los Angeles, CA 90028.

On February 23, 1995, I served the foregoing document described as [PROPOSED] ORDER OF PERMANENT INJUNCTION on interested parties in this action,

[] by placing the true copies thereof in sealed envelopes as stated on the attached mailing list;

[X] by placing [] the original [X] true copies thereof in sealed envelopes addressed as follows:

FORD GREENE
HUB Law Offices
711 Sir Francis Drake Blvd.
San Anselmo, CA 94960-1949

MICHAEL WALTON
700 Larkspur Landing Circle
Suite 120
Larkspur, CA 94939

[x] BY FAX AND MAIL

[] *I deposited such envelope in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.

[x] As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing an affidavit.

Executed on February 23, 1995 at Los Angeles, California.

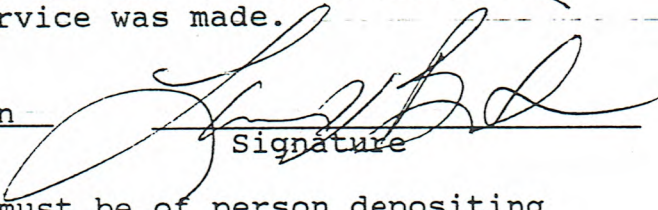
**** (BY PERSONAL SERVICE)** I delivered such envelopes by hand to the offices of the addressees.

Executed on _____ at Los Angeles, California.

(State) I declare under penalty of the laws of the State of California that the above is true and correct.

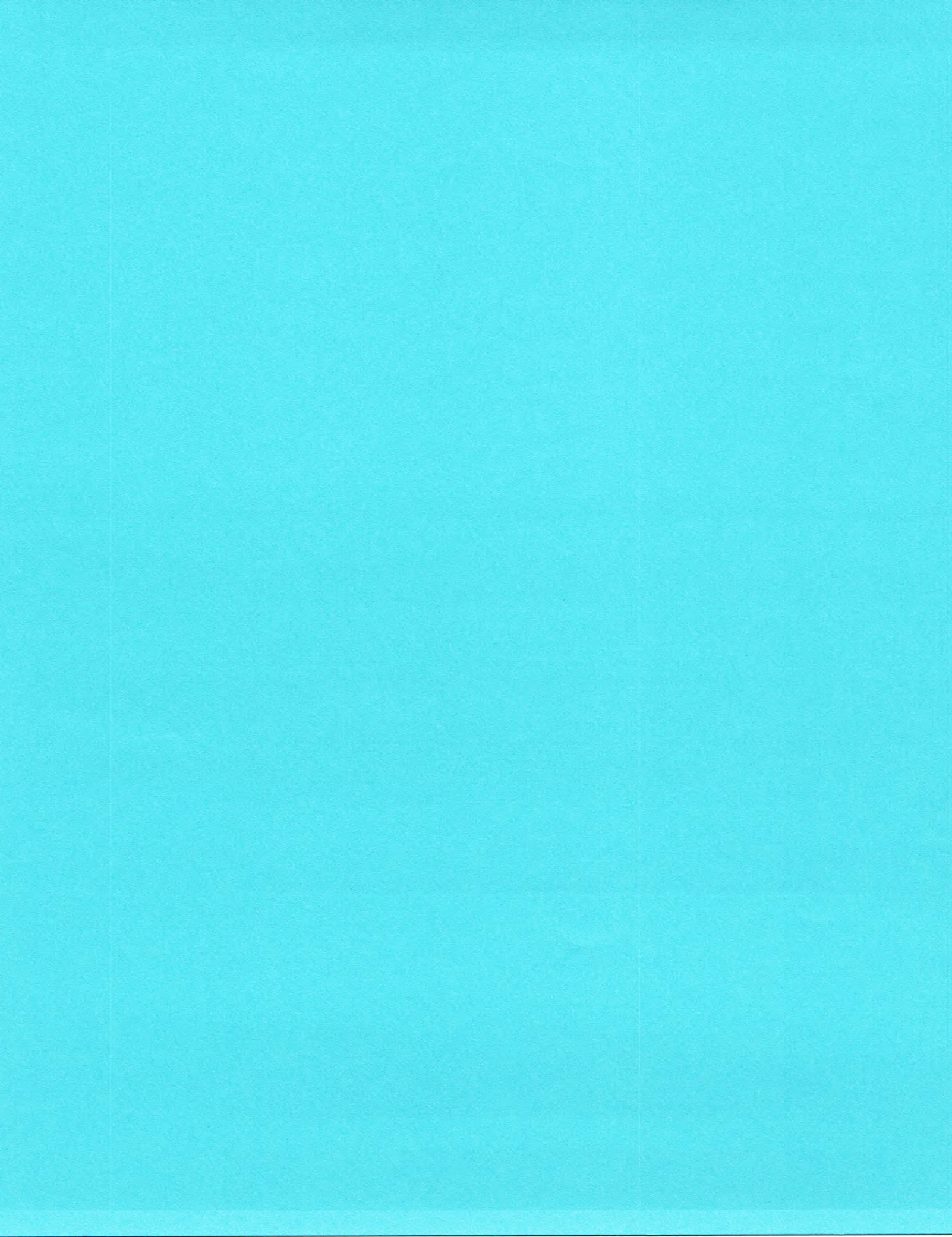
(Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Laurie J. Bartilson
Print or Type Name


Signature

* (By Mail, signature must be of person depositing envelope in mail slot, box or bag)

** (For personal service signature must be that of messenger)



IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF MARIN

---oOo---

COPY

CHURCH OF SCIENTOLOGY
INTERNATIONAL, a California
not-for-profit religious
corporation,

Plaintiff,

vs.

GERALD ARMSTRONG; DOES 1
through 25, inclusive,

Defendants.

AND RELATED CROSS-ACTION.

NO. 152-229

DEPOSITION OF:

MICHAEL DOUGLAS

VOLUME I - AUGUST 30, 1994 - PAGES 1-53

VOLUME II - SEPTEMBER 2, 1994 - PAGES 54-164

Reported by:
PENNY L. GILMORE
CSR NO. 4724

PENNY L. GILMORE & ASSOCIATES
DEPOSITION REPORTERS
P.O. BOX 862
ROSS, CALIFORNIA 94957
(415) 457-7899

1 conversation, the second conversation you are talking
2 about?

3 A. Mr. Wilson seemed remarkably evenhanded and
4 natural.

5 Q. You felt comfortable talking to him?

6 A. Yes.

7 Q. What's your relationship to Mr. Armstrong?

8 A. I've been a friend of Mr. Armstrong since about
9 1975 or so.

10 Q. Probably end up calling him Gerry throughout
11 most of this day.

12 A. Okay.

13 Q. Do you still consider yourself a friend of
14 Gerry's?

15 A. Yes.

16 Q. Has Gerry ever transferred any interest in
17 property to you or forgiven any debts to you?

18 A. He has forgiven debts to me and perhaps interest
19 in property.

20 Q. Can you tell me about the real property first?

21 A. He didn't transfer any interest in real property
22 to me other than he forgave me a note which was secured by
23 a lien on real property.

24 Q. How did that come about, is what I'm trying to
25 get?

1 A. Once upon a time Gerry and I rented parts of the
2 same house; subsequently together we purchased that house.

3 Q. Where was that house?

4 A. That house was in Berkeley, 7140 Buckingham
5 Boulevard.

6 Q. Did you buy it as partners?

7 A. I think we bought it as tenants in common.

8 Q. How did that partnership work? Did you put up
9 equal amounts of money?

10 A. No, Gerry had quite a bit of cash and I had
11 quite a bit of cash flow, so Gerry put up the bulk of the
12 money and I ended up making the bulk of the payments.

13 Q. Do you remember how much money Gerry put up?

14 A. No.

15 Q. What happened to that partnership?

16 A. Gerry bought another house so he quit-claimed
17 his interest in that property to me and my wife for
18 consideration of a note secured by that property.

19 Q. I'm sorry, where was the house that Gerry
20 bought?

21 A. 6838 Charing Cross.

22 Q. And I don't quite understand what he quit-
23 claimed.

24 A. He quit-claimed his interest in 7140 Buckingham.

25 Q. For what note? What was the note that was

1 transferred?

2 A. A calculation was made of what Gerry's interest
3 would be in that property, and given as I didn't have any
4 cash I executed a note in favor of Gerry on which I made
5 payments of interest and principal.

6 Q. How much was that note?

7 A. I don't remember, but it's in the neighborhood
8 of \$60,000.

9 Q. I'm going to show you a couple of documents and
10 these will be next in order.

11 (Whereupon Defendant's Exhibit 1
12 was marked for identification.)

13 MR. WALTON: Q. So this is a note that has what
14 appears to be your signature?

15 A. Maybe I'm wrong. I must be wrong on the amount.

16 Q. Is this your signature?

17 A. Yes.

18 Q. Why don't you look at it a second?

19 A. Okay.

20 (Witness reads documents.)

21 A. This is a different note from the one I was
22 talking about.

23 Q. Which note is this?

24 A. I guess this was when I figured out to put down
25 in writing the agreement we had about how we were going to

1 finance this house together.

2 Q. When you say "this house," you mean Buckingham?

3 A. Buckingham.

4 Q. So you prepared this note?

5 A. Correct.

6 (Whereupon Defendant's Exhibit 2
7 was marked for identification.)

8 MR. WALTON: Q. Is this your signature?

9 A. Yes.

10 Q. Just check it out for a second.

11 (Witness reads document.)

12 A. Okay.

13 Q. What's this note?

14 A. This note supercedes and voids this previous
15 note, and this is the note I was referring to in our
16 earlier conversation wherein Gerry bought Charing Cross
17 and I bought his interest in Buckingham, and because I
18 didn't have any money I gave him this note.

19 Q. You secured that note with a deed of trust?

20 A. Correct.

21 Q. And just see if this is the deed of trust.

22 (Whereupon Defendant's Exhibit 3
23 was marked for identification.)

24 THE WITNESS: That's my signature.

25 MR. WALTON: Q. That's your signature and this

1 is the note. Did you prepare this note, too?

2 A. Yes.

3 Q. Both notes and the deed of trust note secured by
4 the deed of trust you prepared?

5 A. Correct.

6 Q. I'm going to show you one more note which will
7 be number four.

8 (Whereupon Defendant's Exhibit 4
9 was marked for identification.)

10 MR. WALTON: Q. Do you recognize that note?

11 A. I see my signature. I forgot about this note.

12 Q. Do you remember what it was for?

13 A. I was, again, strapped for cash and I acted as
14 Gerry's real estate broker in some transaction. I'm
15 pretty sure this had to do with his purchase of yet
16 another property, the Fawn Drive property in San Anselmo.
17 And for various reasons I had promised to rebate to him
18 part of my commission. I believe that because I was in
19 financial straits, I really needed money, so I arranged to
20 borrow back the money that I had agreed to pay Gerry and
21 this was the note for that money.

22 MR. GREENE: When you say "this," that's Exhibit
23 four?

24 THE WITNESS: Correct.

25 MR. WALTON: Q. I'm sorry, continue.

1 A. When Gerry purchased Fawn Drive I was the real
2 estate broker in this partnership that had been put
3 together to build the house. So I got the real estate
4 commission when the house was finally sold. The house in
5 fact didn't sell. So finally Gerry bought that house from
6 the partnership. I was the real estate broker and I had
7 promised Gerry to rebate part of my commission to him, and
8 the amount of that rebate was probably in the neighborhood
9 of \$10,000. In any case, I then borrowed \$10,000 from
10 Gerry and secured it by this note. Best of my
11 recollection, I think that's what this was.

12 Q. So eventually you ended up owning Buckingham?

13 A. Correct.

14 Q. And then where did you move from Buckingham?

15 A. When Gerry bought Fawn Drive I bought Charing
16 Cross.

17 Q. From Gerry?

18 A. From Gerry.

19 Q. Do you remember how much you paid for it?

20 A. Approximately -- I think it was \$355,000.

21 Q. Other than this note for \$66,988.48 and this
22 note for 10,000, was there any other evidence of
23 encumbrances on either of the two houses that you got from
24 Gerry?

25 A. I don't believe so. The Charing Cross house I

1 purchased outright with a new loan and deed of trust from
2 World Savings.

3 Q. Eventually did Gerry forgive these two debts?
4 When I say "these two debts" --

5 A. Exhibit four and exhibits two and three, yes, he
6 did.

7 Q. When was that?

8 A. Says here August 30th, 1990.

9 Q. Other than that approximately \$75,000, did Gerry
10 forgive any other debts or encumbrances or notes?

11 A. Anything else?

12 Q. Anything else.

13 A. Gerry and I entered into a partnership called
14 the Whynot Group, one word, and at the time he forgave me
15 these debts and forgave other people's debts and stuff he
16 also gave up any right he had to the Whynot Group, but the
17 Whynot Group had a minimal monetary value at that time, as
18 I recall.

19 Q. Do you remember what approximately it was?

20 A. Approximately -- it was a computer.

21 Q. Other than the computer and the \$75,000 that's
22 it?

23 A. Yes. Oh, there is a -- we loaned, the Whynot
24 Group loaned to some young single person something like
25 \$3,000 to help her buy some real estate. She was poor and

1 black. Most of that was paid back except for \$300, and I
2 lost track of that whole thing, so...

3 Q. That's approximately -- that was -- I'm not sure
4 what that means. Does that mean the Whynot Group got the
5 money and you kept it because you now had the Whynot
6 Group?

7 A. No, it means the Whynot Group kept it and spent
8 it. The Whynot Group did not have a bank account of any
9 substance by the time we dissolved it.

10 Q. Do you remember when Gerry forgave these debts,
11 forgave these notes?

12 A. Best of my recollection, they were all August
13 30th, 1990.

14 Q. Did you ever talk to Gerry in advance of that
15 date about his intention to forgive them?

16 A. Yeah.

17 Q. Do you remember when he first told you that he
18 was thinking about forgiving notes and divesting?

19 A. Prior to this date.

20 Q. Do you remember how far in advance?

21 A. No, but best of my recollection it would have
22 been within 30 days, I think.

23 Q. Do you remember having any conversations
24 specifically with him?

25 A. No.

1 Q. Do you remember the sort of gist of any
2 conversations you had with him?

3 A. Yes, the gist of his giving all his financial
4 stuff away was that he had been talking and writing for
5 some time about his disagreement with the way finances
6 were dealt with, and finally he told me that he was
7 called, as in divinely inspired, to take the step himself
8 of divesting himself of all sorts of financial stuff, and
9 that seemed in keeping with the kinds of conversations and
10 writings and thoughts and philosophies that I'd known him
11 to espouse prior to that time.

12 Q. What had you known of his espousal of those
13 kinds of things prior to that time?

14 A. Gerry and I were friends so we would have
15 conversations about philosophy and life and he would write
16 quite a lot of things and I ended up, prior to the fire,
17 with quite a collection of Gerald Armstrong's writings,
18 some of which represented finances and money, stuff like
19 that.

20 Q. Did you ever have conversations with him about
21 his religious leanings?

22 A. Sure.

23 Q. Did you know that Gerry had founded a church?

24 A. In fact, I was a member. Maybe I still am.

25 Q. When was The Church founded?

1 A. Somewhere in the neighborhood of 1987 or eight.

2 Q. When did you become a member?

3 A. Soon after I heard about it.

4 I should mention here that it just occurred to
5 me in referring to one of your earlier questions that one
6 of the two attorneys for Scientology did ask me about that
7 and I told them that as I recall there was just one
8 requirement for membership in The Church and that was to
9 accept the idea that if any two members of The Church were
10 to gather together, then God was present there, also. And
11 I agreed with that, so I consented in joining The Church.

12 Q. What was the name of the church?

13 A. Just The Church.

14 Q. So when Gerry told you that he had been called,
15 is that what you said?

16 A. Mm-hmm.

17 Q. That didn't seem out of keeping with who you
18 perceived Gerry to be?

19 A. Not at all, although I had some concerns.

20 Q. What were your concerns?

21 A. I had concerns that my friend was giving away
22 all his assets and I was wondering how he would get along
23 in life and whether this was a rational decision.

24 Q. Did you speak to anybody about those concerns?

25 A. I spoke to my wife, Kima; I spoke to you; I

1 spoke to Nancy Rodes, who were Gerry's -- my impression
2 was we were some of Gerry's closest friends.

3 Q. What conclusions did you come to with respect to
4 your conversations with Kima?

5 A. My sense was the consensus was sort of reached
6 amongst all the four parties that I mentioned that Gerry,
7 if eccentric, was sane; that he had the right to do this;
8 and that we weren't going to stand in the way.

9 Q. Do you remember how many conversations you and I
10 had?

11 A. No, but at least one, maybe two. Possibly more.
12 I don't know.

13 Q. What about the Gerald Armstrong Corporation, did
14 you receive any of that stock?

15 A. Yes.

16 Q. How much did you receive?

17 A. I don't remember, but I do remember -- seems to
18 me that some of that stock was given to me on the same
19 date or around the same day as this debt forgiveness, and
20 subsequently to that I purchased a share or possibly more
21 than two shares. Somewhere between one and two shares.

22 Q. How much did you pay?

23 A. As I recall, it was \$1,000 a share.

24 Q. Did you ever go to shareholders' meetings?

25 A. I recall one shareholder meeting.

1 Q. Who was there?

2 A. Gerry was there; I was there; you were there;
3 Nancy Rodes may have been there; Bambi may have been
4 there, may not have been there.

5 Q. Did Bambi have a different name?

6 A. Phippeny, Lorean Phippeny.

7 Q. Do you remember what was discussed at that
8 shareholder meeting?

9 A. No. Well, yes. Mostly Gerry's art projects. I
10 think the one thing that stands out in my mind, he had an
11 idea of laying out this large mandala, this really large
12 mandala and photographing it from the air. That was the
13 thing that stands out. That's the thing I can really
14 remember.

15 Q. What was going to happen with the mandala after
16 it was photographed?

17 A. What was to happen? I don't recall. It was
18 just his idea, an artist's conception.

19 Q. Was it going to be a corporate logo?

20 A. I don't remember.

21 Q. Do you remember any discussions about any kind
22 of ways the corporation was going to try to generate
23 income?

24 A. Through marketing of Gerry's artistic
25 properties.

1 Q. Including the mandala?

2 A. Including the mandala.

3 Q. Do you remember any discussion about Runners
4 Against Trash?

5 A. Yes.

6 Q. What was that?

7 A. Gerry's a serious runner and at some point he
8 started picking up trash along the way as he went. That
9 formed into an idea to make sort of an institution out of
10 it.

11 Q. Why was he picking up trash?

12 A. To clean up the environment. So he thought
13 something that he could do for the world would be to kind
14 of promote this idea of the Rat Pack, R-A-T, Runners
15 Against Trash, promote the idea and make money off of T-
16 shirts and logos and decals and all that kind of stuff,
17 make money out of something that was doing good for the
18 environment.

19 Q. Anything happen to that project, do you know?

20 A. Something happened but I don't really know. I
21 don't know that any money was ever made from it.

22 Q. Any other specific projects, can you recall?

23 A. No.

24 Q. Were you ever in any discussions about the
25 dickhead/picklehead series of art?

1 A. Oh, yes.

2 Q. What was that?

3 A. Gerry has a rather flamboyant signature and
4 there was a period when he started coloring those in and
5 they made this sort of humanoid figure and he called them
6 dickheads. And it seemed like people liked them, so he
7 kept drawing more and more dickheads; in fact, he used to
8 sign his checks with dickheads and his checks were
9 ostensibly more as dickheads than they were as checks. So
10 people would collect them. So he put out Christmas cards,
11 which were really quite good, and I had some hopes here
12 was something finally that really had some commercial
13 viability to it. I don't know that he finally ever made
14 any significant money from it.

15 Q. Were you ever aware of the corporation having
16 any kind of bank account at all, whether checking or
17 savings account?

18 MR. GREENE: What was the question again?

19 MR. WALTON: Did he know whether the corporation
20 had an account, a banking account.

21 THE WITNESS: I think that it did.

22 MR. WALTON: Q. Do you know how much money the
23 corporation had?

24 A. No.

25 Q. Do you know -- can you list the assets of the

1 corporation when you were a shareholder?

2 A. As I recall, the principal assets were a rather
3 large collection of Gerry's art pieces which largely
4 consisted of writing and hand-drawn art, and then quite a
5 large amount of office furniture and gear.

6 Q. Did you ever form an opinion -- first, let me
7 strike that.

8 Are you still a shareholder?

9 A. No.

10 Q. During the time you were a shareholder did you
11 ever form an opinion as to what the market value of the
12 corporation was?

13 A. I'd like to distinguish between market value and
14 potential market value. Gerry believed that all this had
15 a real substantial potential market value and I was
16 inclined to support him in that given what the marketing
17 could be. As to actual market value, I couldn't see that
18 there was a lot there because there was no marketing,
19 there was no demand for the product, so supply and demand
20 didn't equal very much.

21 Q. When did you cease being a shareholder?

22 A. I think it was sometime in 1992 as a result of
23 my being subpoenaed by Gerry in some court case. The
24 Church of Scientology contacted my sister, who is a
25 parishioner of the Church of Scientology, leading her to

1 contact me with some concern about this because Gerry is
2 held to be an enemy of Scientology by the Church, and
3 this, my responding to a subpoena was problematic for her.

4 So I prevailed on Gerry that this was a problem
5 for me and let him know that I would really rather not be
6 involved, and as a result he offered to buy my shares. I
7 think he made the offer to buy my shares in the
8 corporation at a nominal sum and I decided I would like to
9 do that because it seemed to me that at that point Gerry
10 was getting involved in Church of Scientology litigation
11 again and I didn't want to be involved in Church of
12 Scientology litigation. So I decided to sever any kind of
13 financial ties I had with him.

14 Q. When was that?

15 A. I believe it was sometime in 1992. I recall
16 clearly I was living in the West California house in Mill
17 Valley, so it would have been in 1992.

18 Q. Could you explain to me what this is?

19 A. On June 25th, 1992, I wrote a letter to Gerald
20 Armstrong Corporation stating, "This letter is to record
21 that I have this day sold to Gerald Armstrong, for the sum
22 of two dollars, all stock which I owned in Gerald
23 Armstrong Corporation. I cannot confirm exactly how many
24 shares I owned as my records were destroyed by fire on
25 October 20th, 1991. I have also this date tendered my

1 resignation as a director of said corporation to Gerald
2 Armstrong as the designated representative of the
3 corporation and he has accepted my resignation."

4 Q. Can you tell me what it means when you say that
5 Gerry is an enemy of the Church? Is that something -- are
6 those your words or your sister's?

7 A. My words. My understanding is that Gerry has
8 been involved in litigation with the Church off and on for
9 a long time and is not in the Church's good graces and has
10 been declared a suppressive person by the Church, which is
11 my understanding he is considered an enemy by the Church.

12 Q. Do you remember -- can you give me specific
13 details of the conversation you had with your sister?

14 A. She called me and said she had been contacted by
15 a person, a woman who had been known to her previously
16 while she was a member of the Sea Organization, and this
17 person, I believe, was now a member of the legal arm of
18 the Church and this person told her that I had been
19 subpoenaed by Gerry Armstrong and that this was some kind
20 of a problem. That's the best I can recall what she told
21 me.

22 She then embellished on that saying that she was
23 a member of the Church; she knew that I was studying to be
24 a psychologist; the Church doesn't hold psychologists in
25 very high light; in fact, considered them to be sort of

1 not okay people. However, because I was her brother, she
2 was trying to set that aside and she would hope that I
3 would give her the same consideration in terms of not
4 attacking her Church.

5 Q. There's a link between an attack on the Church
6 and your responding to Gerry's subpoena?

7 A. In the eyes of my sister there seemed to be.

8 Q. What's her post, do you know? Hat or post.
9 What does she do for Scientology?

10 A. She's a parishioner. She is a public person.

11 Q. By the time you received these documents which
12 show that Gerry had forgiven any debt that you may have
13 owed him, were you satisfied, totally satisfied that Gerry
14 was not only sincere but healthy?

15 A. Yeah, I consider Gerry eccentric. I consider a
16 lot of things he does beyond things that I would do
17 sometimes. That's because I think he is willing to put
18 himself on the line more than I would like to.

19 Q. Did you ever talk to him during this time period
20 when there was some discussion about what his intention
21 was about using this as a vehicle to defraud his
22 creditors?

23 A. I don't recall any such conversations.

24 Q. Did you ever talk to me or Gerry about trying to
25 help Gerry become judgment-proof so he could cheat the

1 the partnership but I was guaranteed the right to be the
2 broker of the transaction of the sale of the house.

3 Q. The listing broker?

4 A. Yes.

5 Q. This Larry something, is that Grizzly Hill
6 Construction, Larry Ziedler was his name?

7 A. Yes.

8 Q. So you don't know what the terms of the
9 agreement were?

10 A. Only because I don't recall them. I was privy
11 to the document.

12 Q. Eventually the house was built?

13 A. Yes.

14 Q. Do you remember what -- were there any
15 conversations that you were involved in or privy to where
16 the partnership discussed what kind of house this was
17 going to be or project? It was a spec house?

18 A. Yes.

19 Q. Was it going to be a high end, middle end, low
20 end?

21 A. I would say sort of high middle end at the
22 beginning, but during the process of actually doing the
23 project it sort of grew into a higher end project than had
24 originally been envisioned.

25 Q. Do you know if it was over budget?